

22. Access to unbundled distribution is vitally important to CLECs that are building their networks into new areas. With access to unbundled subloops, CLECs can connect their own feeder to the unbundled distribution, reducing their reliance on Ameritech-owned facilities and increasing facilities-based competition. For example, if a CLEC has a SONET ring running down a road past many customer premises, it is still extremely difficult, time-consuming, and expensive for the CLEC to negotiate entrance rights-of-way with property owners and to construct entrance facilities. I am informed that MCI's negotiations with property owners take an average of six months and have taken as long as 18 months. This lengthy process involves negotiating with owners and real estate companies, obtaining rights-of-way and approvals to use risers and conduits, and seeking construction approval where construction is required -- such as the many instances in which risers are already full. Even when MCI eventually gains access to a building, it does not know whether it will recoup its substantial investment in the local loop. However, if MCI can efficiently interconnect with Ameritech at the feeder/distribution interface and utilize Ameritech's distribution facilities, it can maximize the use of its network and be in a position to compete fully. This is consistent with a central goal of the unbundling requirements -- affording new competitors the option of relying on their own facilities to the extent practicable and avoiding unnecessary dependence on ILEC facilities. The unwieldy BFR process imposed by Ameritech needlessly impedes and delays the ability of CLECs to achieve this.

B. Combinations of elements.

23. Although Ameritech states that it currently "provides" three standard combinations of network elements, Edwards Aff., ¶ 68, Ameritech does not claim that it is

actually furnishing combinations of elements to any CLEC today. That lack of implementation is not surprising. As in the case of physical collocation, the systems and procedures through which Ameritech will provide combinations of elements have not yet become established through experience. For example, industry standards for ordering and provisioning most combinations of elements have not yet been developed, and Ameritech has not yet implemented a mechanized process for performing those functions that is in use by any CLEC.

24. Ameritech's lack of operational readiness is reflected in the AT&T interconnection agreement, which Ameritech cites for a description of the combinations it offers. See Edwards Aff., ¶ 68. The AT&T agreement states that providing combinations of elements -- even those combinations that are identified as currently available, AT&T § 9.3.4 -- may require modifications to Ameritech systems. AT&T § 9.7.3. The agreement does not specify how these modifications are to be done, or on what schedule. Thus, it appears that CLECs may not in fact be able to order the combinations identified by Ameritech as available today. If that is so, then Ameritech has not complied with this checklist item.

25. Moreover, satisfaction of the checklist requires provision of any technically feasible combination of elements. There is no way to know today how readily MCI will be to obtain additional technically feasible combinations. Ameritech states that it will provide additional combinations only pursuant to the BFR process, see Edwards Aff., ¶ 68; Mayer Aff., ¶ 88, which I have emphasized is an unnecessary recipe for delay. Requests for technically feasible combinations -- particularly combinations that are in use in Ameritech's network today -- should not have to go through the BFR process, which gives Ameritech 60 days just to provide price and

implementation terms to the CLEC. Edwards Aff., ¶ 53. Implementation then proceeds on whatever schedule Ameritech has determined to be appropriate. This is a typical example of Ameritech's overuse of the BFR process, which is generally appropriate only when there is a question as to technical feasibility.

26. Full implementation and ready availability of combinations of elements are important to the development of effective local competition. CLECs, including MCI, will order combinations of unbundled elements from Ameritech as soon as they are truly available. As one example of the value of combinations of elements, combinations of unbundled local transport, multiplexing/concentration, and unbundled local loops would eliminate the need to collocate at a given facility, saving a CLEC significant time and expense. Although an interexchange carrier could order precisely that series of facilities to reach an access customer, CLECs cannot order the same combination as unbundled elements. The necessary systems simply are not yet in place.

27. In addition, Ameritech has frustrated MCI's attempts to test the developing procedures for obtaining combinations of elements from Ameritech. For testing purposes, MCI has asked Ameritech to provide (1) switching and loops in combination, and (2) loops, concentration, and transport in combination. Ameritech has agreed to provide precisely these combinations in its contractual negotiations with MCI, but that contract is not yet in place because of disputes over other provisions. When MCI asked to test those combinations now, Ameritech's response has been that because the combinations are not tariffed, Ameritech will not provide them to MCI even for testing purposes until MCI has a signed interconnection agreement with Ameritech.

C. Directory Assistance Databases

28. Ameritech is required under the Act to provide directory assistance (“DA”) databases as an unbundled network element. The Commission has noted that section 251(c)(3) of the Act requires ILECs to provide “access to databases as unbundled network elements,” Second Report and Order, ¶ 143, and the Commission has explicitly stated that ILECs must provide DA databases as a stand-alone unbundled network element on any technically feasible basis. First Report and Order, ¶¶ 534, 538 (“[T]he directory assistance database must be unbundled for access by requesting carriers.”); see 47 C.F.R. § 51.217(c)(3)(ii). The access to unbundled DA databases offered by Ameritech, however, is deficient in two respects.

29. First, in order for Ameritech to satisfy checklist item (ii), it must offer CLECs the same DA database that is available to its own operators on a nondiscriminatory and equal-in-quality basis. Ameritech has informed MCI, however, that it will not provide the entire database, but only the listings for customers of Ameritech itself. That means that CLECs’ operators would not have access to the listings for customers of Michigan’s many small independent LECs -- even though Ameritech maintains a single, integrated database, through which Ameritech operators have access to all independent LEC listings. CLECs are not being provided with equal-in-quality access to unbundled DA databases.

30. Second, Ameritech will not provide unbundled access to its DA databases except through the BFR process. Edwards Aff. ¶ 127. This requirement adds unnecessary expense and delay. As noted above, the BFR process should be reserved for situations in which there is a genuine issue as to technical feasibility. It should not be required for ordering a

technically feasible unbundled element, particularly a standard element such as a DA database.

Access to DA databases is technically uncomplicated and should be provided through established procedures on a predictable basis.

UNBUNDLED LOOPS (Checklist Item (iv))

31. The checklist expressly requires that Ameritech provide unbundled access to local loops. 47 U.S.C. § 271(c)(2)(B)(iv). In addition, loops are network elements, which ILECs are required to provide on a non-discriminatory basis. 47 U.S.C. §§ 251(c)(3), 271(c)(2)(B)(ii). ILECs must provide unbundled network elements to CLECs in a manner that is equal to the manner in which they provide such elements to themselves, their affiliates, or other carriers. Ameritech does not meet this requirement with respect to its provisioning intervals for unbundled loops.

32. Although Ameritech undoubtedly provides loops for its own end users within a much shorter time, it provides unbundled loops to most CLECs in a minimum of five days. See Mayer Aff., ¶ 197.² Larger loop orders have intervals of greater than five days, and orders of 97 or more loops will be provided only within intervals that are negotiated case-by-case. See id. This is clearly not the parity required by the Act. Indeed, Ameritech implicitly acknowledges the lack of parity and attempts to justify it by explaining the steps that are taken in order to install unbundled loops. See Mayer Aff., ¶¶ 199-203. However, although additional

²As a result of arbitration in Michigan, Ameritech must provide loops to MCI within shorter intervals -- two days for up to 48 loops, and 5 days for 49-96 loops. Similar intervals should also be available to other CLECs.

steps may be required, furnishing unbundled loops to CLECs is not technically more difficult for Ameritech than furnishing loops for its own end user customers. And, regardless of the cause, a lack of parity will hinder CLECs' competitive development.

33. The effect of the longer installation interval for unbundled loops is clear: customers -- particularly customers initiating new service -- are less likely to sign up with a CLEC if it will take five days to begin service with the CLEC but only a day or two to begin service with Ameritech. As a practical matter, Ameritech can use the disparity in loop installation intervals both as a marketing tool to induce customers to remain with Ameritech and as a means of pushing competitors towards reselling Ameritech's service -- which could be started up more quickly -- rather than providing competing service through use of unbundled elements.

34. Ameritech's insistence that CLECs use the BFR process for ordering unbundled loops that are served by integrated digital loop carrier ("IDLC") or remote switching technology, Edwards Aff., ¶ 87, creates additional delay. Loops should in all cases be available through a standard ordering procedure. A CLEC will not know initially whether unbundled loops it is ordering are on an IDLC, which means that it will have to submit an order, have the order returned by Ameritech, then submit a BFR. This wastes time and effort. The importance of unbundled loops to the development of competition demands that these elements, in particular, be provided without undue expense or delay.

UNBUNDLED TRANSPORT
(Checklist Item (v))

35. Ameritech concedes that it has not yet furnished any CLEC with unbundled local transport pursuant to its interconnection agreements. Edwards Aff., ¶ 93. Moreover, Ameritech's description of the unbundled transport that it intends to provide omits an important form of transport that CLECs will need if they are to compete effectively. The Act requires that ILECs provide shared transport facilities between its end offices and its switches, as well as all technically feasible transmission facilities, features, functions, and capabilities that CLECs could use to provide telecommunications service. 47 C.F.R. § 51.319(d)(1), (d)(2)(i), (d)(2)(ii). Despite this clear mandate, Ameritech refuses to provide CLECs with ordinary common transport over its trunks. See Edwards Aff., ¶¶ 94-100. Until it provides common transport, Ameritech has not complied with the checklist requirement of unbundled transport.

36. Ameritech has agreed to provide only dedicated transport and "shared" transport, which Ameritech interprets to mean transport dedicated for the use of two or more carriers. See Edwards Aff., ¶ 91. In other words, Ameritech will permit a CLEC to purchase its own dedicated trunk or to purchase a dedicated trunk that it will share with one or more other CLECs. Ameritech does not, however, give CLECs the option of purchasing common transport over trunks in Ameritech's network.

37. The "shared" transport offered by Ameritech cannot provide CLECs with the flexibility and economy that can be realized through the use of common transport. That is because Ameritech's shared transport is a "point-to-point" arrangement, meaning that requesting CLECs are required to specify beforehand which locations will be served by the shared transport

facilities and must purchase trunk ports in those locations. Common transport, by contrast, would allow CLECs to terminate traffic throughout Ameritech's network without having to specify the points of termination ahead of time. With true common transport, as it is used in switched access services, carriers hand off their traffic at the tandem and receive call terminating functionality throughout Ameritech's network on a call-by-call basis. This type of common transport would allow CLECs to compete more efficiently, and therefore more effectively. Without common transport, CLECs will be forced to use Ameritech's dedicated and "shared" transport facilities at traffic volumes that do not make the use of such facilities economically viable.

38. Ameritech has not offered any cogent reason for its refusal to provide common transport to CLECs. Ameritech argues, for example, that it is not required to provide common transport because common transport would be used in combination with switching and therefore is not a stand-alone unbundled element. See Edwards Aff., ¶ 95-97. That argument, besides taking too formalistic a view of the Act's unbundling requirements and ignoring their purpose, overlooks the fact that Ameritech is required to provide any technically feasible combination of elements -- not just elements in isolation. See 47 C.F.R. § 51.315. Moreover, in order for Ameritech to offer its "shared" transport it must include switching with the transport so that the CLEC's calls can be routed to its "shared" dedicated trunks. But Ameritech does not claim that "shared" transport is not an unbundled element or that it need not be provided under the Act.

39. Ameritech's steadfast refusal to provide common transport raises questions about Ameritech's commitment to provide all checklist items that are needed to support efficient,

effective local competition, and to do so in a nondiscriminatory manner. As indicated above, use of dedicated (or “shared”) transport before traffic volumes have reached sufficient levels unnecessarily raises CLECs’ costs. Moreover, segregating CLECs’ traffic on dedicated trunks, rather than providing common transport over the same trunks that carry Ameritech’s traffic, makes it possible for Ameritech to provide CLECs lesser quality and capacity than it provides itself. That possibility should be eliminated before Ameritech is allowed to offer long distance service -- at which time it will lose its incentive to cooperate with the CLECs.

UNBUNDLED SWITCHING (Checklist Item (vi))

40. Ameritech concedes that it is not yet furnishing any CLEC with any unbundled switching functions or capabilities. See Edwards Aff., ¶ 83; Mayer Aff., ¶¶ 223, 228. The reason for that is simple: Ameritech has not made unbundled local switching available in Michigan. There remain significant, fundamental, and complex technical and economic issues surrounding the use of unbundled local switching that still need to be resolved before unbundled local switching can be used in any commercial manner. Additionally, Ameritech has deflected MCI’s requests for technical trials involving unbundled local switching. In short, unbundled local switching is a critical unbundled element that Ameritech has not yet provided.

What is unbundled local switching?

41. Unbundled local switching (“ULS”) is a network element that consists of four major sub-parts: the line port, the switching matrix, the trunk port, and the features and functionality of the switch. The line port is the connection between the main distribution frame

(the point in the network where the local loop terminates) and the line side of the switch. The switching matrix is the hardware and software within the switch itself that actually performs the switching functions. The trunk port is the connection between the “trunk side” or “network side” of the switch and the interoffice transport. The features and functionalities of the switch include such things as customized routing features and vertical features.

42. ULS is not “network platform,” as that term has often been used. “Network platform” refers to the recombination of Ameritech’s network elements, including loops, switching, and transport in order to offer a complete telecommunications service. In contrast to this conception of “network platform,” the use of ULS does not require or presume that the new entrant will purchase from Ameritech every other element necessary to provide local service and recombine those elements. The new entrant may provide its own loops or lease loops from third parties. The new entrant could also self-provision or lease from third parties some or all of the interoffice transport facilities needed to provide service.

43. ULS is technically feasible. Beginning in 1994, MCI engaged in a technical trial of a form of ULS with Hancock Rural Telephone Company (“HRTC”) in Indiana. HRTC is a small independent local exchange carrier located in McCordsville, Indiana, outside Indianapolis. Under the terms of the technical trial, HRTC leased to MCI switching capacity (including switch features and functions) on its McCordsville switch. MCI separately purchased loops from Diversified Communications, Inc. (“DCI”), a subsidiary of HRTC. In addition, MCI purchased from DCI transport on the network side of the HRTC switch. As part of the trial, MCI and

HRTC established interconnection arrangements with Ameritech for local, toll, OS/DA, and E911 traffic.

44. Under this arrangement, MCI was able to provide local service to customers in Indianapolis who were served by HRTC. When a customer chose MCI for local service, MCI would order a loop facility from DCI between that customer's premises and HRTC's McCordsville switch. The loops were standard DLC architecture and terminated from DCI to HRTC's switch. Customer calls would be routed using the switching leased from HRTC.

45. For reasons unrelated to its technical feasibility, the Hancock Trial was never placed into commercial operation. However, the trial demonstrated that it is feasible to unbundle local switching from both loops and transport facilities. I will now discuss the manner in which MCI intends to use unbundled local switching as part of its overall market entry strategy.

Unbundled local switching is critical to MCI's business plan.

46. Both the competitive checklist, 47 U.S.C. § 271(c)(2)(B)(vi), and the Commission's regulations, 47 C.F.R. § 51.319(c), require Ameritech to unbundle the local switching function from other network elements. These provisions reflect the recognition that CLECs like MCI will need time to build their own networks and, in the meantime, may need to lease some or all of the incumbents' facilities in order to provide local service.

47. As described in detail in the affidavit of Nate Davis, MCI is pursuing a facilities-based strategy for entering local markets. MCI intends to provide many of the necessary facilities itself, but it will also lease facilities from the ILECs and other companies, especially during the early phases of its entry into local markets. Given that MCI is installing its own local

network, providing service via leased network elements also allows MCI to more easily integrate its service offerings provided through leased network elements with its service offerings provided through its own network facilities. It is much more difficult, if not impossible, to integrate resale offerings with network-based offerings.

48. Despite the fact that MCI is installing its own fiber network and switches to provide local service, it is simply not possible for MCI to become a pervasive competitor using exclusively its own facilities in Michigan and across the country all at once or even in the near term. There are 442 Ameritech central office switches in Michigan alone. MCI currently has one switch in Michigan. It costs at least \$10 million and takes over a year for MCI to install a new local switch. Access to unbundled switching is therefore critical to any facilities-based entry strategy.

49. MCI plans to purchase unbundled switching from Ameritech,³ and if possible from other facilities-based providers in Michigan. In less densely populated areas of the state in particular, facilities-based service will be more feasible using switching capability owned by Ameritech but leased by MCI. In sum, use of unbundled local switching is a central part of MCI's plan to become a ubiquitous facilities-based local service provider in Michigan. Indeed, it is only through leasing of unbundled switching that MCI and other CLECs can move to a facilities-based network on a large geographic scale. The ability of CLECs to lease unbundled

³See Letter from Therese Fauerbach, MCI, to Neil Cox, Ameritech (January 27, 1997) (Exhibit 1 attached hereto).

local switching will give Michigan consumers a real choice in the features and functionalities in their local phone system.

50. In addition, true ULS will be critical for MCI to provision local service in those cities or towns where MCI already has (or is building) a local city network without a switch. In such instances, MCI can use its local city network (typically a fiber ring) in conjunction with ULS purchased from the ILEC and provide switched local service. Without the ability to use ULS, MCI's ability to provide service in that locality will be substantially delayed.

Ameritech is not providing ULS, and until recently has failed even to offer it.

51. Ameritech acknowledges that it is not currently providing ULS to any competing carrier. Ameritech claims, however, that it stands ready, willing, and able to provide ULS if only a carrier would come forward and ask for it. See, e.g., Edwards Aff., ¶¶ 106-16; Kocher Aff., ¶¶ 47-78. Ameritech goes so far as to state that "since May 1995, Ameritech, from an operational perspective, has been capable of furnishing such unbundled switching capabilities." Kocher Aff., ¶ 48.

52. These assertions fly in the face of the history of new entrants' attempts to obtain true ULS from Ameritech. The fact of the matter is that, despite over two years of effort by new entrants, Ameritech still does not have, either in its tariffs or in the interconnection agreements, a complete, commercially viable ULS offering.

53. The May 1995 date cited by Mr. Kocher presumably refers to the date on which Ameritech's "compliance filing" to the Illinois Commerce Commission's Customers First Order was permitted to take effect. As part of that "compliance filing," Ameritech, for the first

time, offered so called "port" service. The "port" service described in those tariffs was a far cry from true ULS. Essentially, the "port" described and purportedly offered in those tariffs was only the "line port" portion of ULS; that is, the connection between the loop and the line side of the switch. In order to use the "port," new entrants would need to purchase from Ameritech either local usage, toll usage, or switched access service at retail rates. Ameritech did not offer customized routing, nor did it offer the ability to configure trunks on the network side of the switch.

54. In the winter of 1995-1996, in a case arising from a petition by LDDS and AT&T, staff of the Illinois Commerce Commission proposed that Ameritech be required to offer what it termed the "local switching platform." To the best of my knowledge and belief, this was the first time that ULS of any type was proposed anywhere in the Ameritech region. (Although the word "platform" was used, it referred only to the local switching and the features and functions of that switch.) MCI joined in the request for unbundled local switching in that proceeding. Ameritech, while not specifically opposing the parties and staff, contended that the proposals contained insufficient detail to permit meaningful analysis. Ameritech's witness, David H. Gebhardt, recommended that these proposals for ULS be "made part of a future proceeding." Surrebuttal testimony of David H. Gebhardt at 3, AT&T Petition for a Total Local Exchange Wholesale Service Tariff, ICC Docket Nos. 95-0458/95-0531. Thus, contrary to Ameritech's assertions in the Kocher affidavit, it is clear that as of early 1996, Ameritech did not yet provide, and had not yet developed, any ULS product. On June 26, 1996, the Illinois Commerce Commission released an order directing Ameritech to file a tariff for "local switching platform"

within 30 days. Order at 66, ICC Docket Nos. 95-0458/95-0531. The order left final determination of the pricing of ULS to the investigation of Ameritech's compliance tariffs.

55. On August 1, 1996, Ameritech filed its first purported ULS tariff in Illinois. The tariff was roundly criticized by new entrants, including MCI. These criticisms included, first, that the tariff did not permit CLECs to purchase common transport, but instead required CLECs to purchase usage at wholesale. Second, the tariff would have had Ameritech retain exchange access revenue, even though the ICC had ruled that the ULS purchaser should obtain that revenue. Third, the tariff included minimum term and capacity requirements that would prevent many CLECs from using it. As a result of these criticisms and the comments of ICC staff, Ameritech withdrew its first ULS tariff filing in September 1996. In October 1996, in the midst of arbitration proceedings regarding interconnection agreements with MCI and others, Ameritech refiled its ULS tariff. The ICC suspended that tariff, refusing to allow it to take effect. The ICC investigation into the ULS tariff later was consolidated with the generic cost proceeding in Illinois. In that docket, fundamental, significant issues related to the pricing and provisioning of ULS are currently being litigated. I describe those issues later in this affidavit. The point here is that Ameritech did not, and still does not, have a tariffed offering for true ULS in Illinois.

56. In Michigan, the history of the "port" is simpler, but no more supportive of Ameritech's claims. The Michigan Telecommunications Act ("MTA") was passed in December 1995. The MTA required Ameritech to tariff a "port," but defined the "port" very oddly. Under the MTA, the port, "except for the loop, means the entirety of local exchange, including dial tone, a telephone number, switching software, local calling, and access to directory assistance, a white

pages listing, operator services, and interexchange and intra-LATA toll carriers.” Section 484.2102(x). Thus, “port” is defined more in terms of Ameritech’s retail local exchange service, including Ameritech’s “local calling.” It is not defined in terms of network functions or network elements, and therefore cannot be used as a basis for providing true ULS of the type I described earlier.

57. To sum up this history: there has not been and is not now any tariff for ULS in place in any Ameritech state. Ameritech’s representations that Ameritech has been ready for over two years to provide ULS are not true.

58. Ameritech’s insinuation that carriers such as MCI have simply failed to ask for ULS is equally specious. Before any interconnection agreements were in place, Ameritech steadfastly refused to provide MCI -- even for testing purposes -- any service unless that service was available in a tariff. See Letter from Ray Thomas, Ameritech, to Therese Fauerbach, MCI (January 29, 1997) (Exhibit 2 attached hereto). Consequently, because no tariffs for ULS exist and because MCI had no approved interconnection agreement until very recently in any Ameritech state, MCI has been unable to order or even test ULS from Ameritech.⁴

59. On May 20, 1997, after the approval of the Ameritech-MCI interconnection agreement in Illinois, MCI approached Ameritech to start a two-stage trial that would eventually lead to testing of ULS. Because Ameritech claimed that the specific combinations of elements proposed in the second stage of the trial were not set forth in the same

⁴MCI continued to press Ameritech to begin testing despite the lack of a final interconnection agreement. See, e.g., Letter from Dennis Wall, MCI, to Ray Thomas, Ameritech (Feb. 12, 1997) (Exhibit 3 attached hereto).

order as in the interconnection agreement, Ameritech required MCI to submit a BFR pursuant to the Illinois interconnection agreement. As I have stressed earlier, the BFR process should be used for ordering certain non-standard items -- it should not be required for requests merely to test.

60. Although MCI did not agree that a BFR was necessary or appropriate, in order to speed the matter along MCI nevertheless submitted a BFR to Ameritech on May 23, 1997. See Exhibit 4 attached hereto. What MCI asked to test was a basic combination of loops, switching and transport, with MCI providing some of the services itself. MCI submitted this request specifically to test the simplest stages of unbundling of local switching from other network elements provided by Ameritech. Ameritech has indicated that it will complete product development work -- but not the actual testing -- in late September 1997. See Letter from Joanne Missig, Ameritech, to Michael Hussey and Kevin Moss, MCI (May 30, 1997) (Exhibit 5 attached hereto).

61. Ameritech's insistence on a BFR process is troubling from several angles. First, as I mentioned above, there is no valid reason for Ameritech to insist on a BFR merely to test ULS, unless, of course, Ameritech is not operationally ready to provide it. The BFR process was never intended to delay testing and implementation of products, and Ameritech's invocation of it here is unduly time-consuming and creates major difficulties for MCI in meeting its business objectives. Second, MCI's request for even this simple stage of ULS unbundling is very similar to the May 13, 1997 "trial guidelines" that Ameritech established with AT&T. These guidelines are described in Mr. Kocher's affidavit on behalf of Ameritech. I am troubled that Ameritech was willing to undertake testing with AT&T on a relatively expedited basis, but forced MCI to submit

to a time consuming BFR process -- the results of which will not be known until after the FCC makes its determination in this proceeding. The Act requires that an ILEC provide checklist items to all requesting competitors, not just those with which it has special arrangements.

Ameritech's ULS is untested, and MCI offers a true test process for ULS.

62. As MCI has discovered with regard to Ameritech's OSS systems, testing before commercial use is critical in order to shake any bugs out of the system. The same is true for unbundled elements, including ULS. Ameritech has never provided ULS to any carrier. MCI has never had the opportunity to order or even test ULS. Nor does it appear that Ameritech has tested ULS with any other CLEC. Ameritech's May 13, 1997 AT&T testing guidelines are not a test of unbundled local switching. Rather, the Ameritech-AT&T test is merely a variation of the "network platform" concept, which is a highly "bundled" offering.

63. A true test of ULS would be different from the Ameritech-AT&T trial. The goals would be to test Ameritech's ability to provide ULS as an offering separate from other network elements, to test Ameritech's ordering, provisioning, billing, and maintenance systems for ULS, and to test the interoperability of Ameritech's ULS with other network elements provided by MCI or a third party. The ULS tested by MCI would include the line port, the trunk port, switching capability on the switching matrix, and the features and functions of the switch, including customized routing and vertical features. MCI would provide (or obtain from a third party) the remainder of the network elements required to provide local service. MCI could, however, order some or all of the other necessary unbundled elements from Ameritech pursuant to applicable tariffs or interconnection agreements. The trial should demonstrate that Ameritech

is operationally ready to provide ULS in combination with non-Ameritech provided elements in a manner that is scalable to sufficient volumes to support commercial viability.

There are many significant and fundamental issues relating to ULS that need to be resolved prior to commercial availability.

64. In addition to being completely untested from a technical and operational perspective, there are significant open issues with Ameritech's ULS offering (as embodied in the Illinois proposed tariff) that directly affect its commercial viability. Ameritech's ULS suffers from the following problems: uncertain and improperly structured pricing, inflated nonrecurring charges, a lack of specific interconnection arrangements, improper treatment of interexchange (both intraLATA and interLATA) traffic, lack of common transport, and numerous operational deficiencies.

65. First, the basic rate design -- let alone rate levels -- of Ameritech's ULS offering is not finally determined. With regard to rate design, it is generally agreed that the line port sub-part should be priced on a flat monthly basis. More critical is the switching matrix itself. Ameritech proposes that it be priced on usage-sensitive basis. MCI and others have proposed that, consistent with cost causation principles, the switching matrix be priced on flat monthly basis, given that the primary cost driver of switching is the number of line ports, not the usage on the switch. Evidence produced in the Illinois cost proceeding (ICC Docket Nos. 96-0486/0569) demonstrates that the prices switch manufacturers charge Ameritech for its switches are on a per-line basis. In other words, Ameritech's own costs for switching are not usage driven, but rather are priced according to the number of lines that can be served by the switch. For this price, Ameritech obtains a switch that provides it with the features, functions, and capacity it desires.

Similarly, a ULS purchaser should obtain the same set of features, functions, and capacity for each line it purchases on the switch.

66. The trunk port can similarly be priced on a flat monthly basis; however, Ameritech, in the context of the Illinois cost proceeding, has changed its offering somewhat and now seems willing to “channelize” its trunk port. The Ameritech witness supporting the ULS tariff in the Illinois cost docket acknowledged that the details of that proposal have not been committed to tariff language (and thus could not offer many specifics on how charges would apply). Without knowing final rate design (and levels) it is impossible to determine the commercial viability of ULS.

67. Nonrecurring charges (“NRCs”) associated with ULS are also critical to its commercial viability. There are two issues relating to NRCs: one concerns the general level of NRCs, and the second relates to how and when the NRCs are applied. On the issue of NRC level, perhaps the most outrageous NRC is the ULS “billing development” charge. The first time a new entrant requests ULS at a particular end office, Ameritech seeks to charge approximately \$33,000, supposedly to pay Ameritech’s costs of developing a billing system for ULS. Ameritech is essentially attempting to recover its implementation costs solely from new entrants, and not in a competitively neutral manner. A charge like this acts as a significant barrier to CLEC entry into markets where CLECs choose not to install their own switches. Illinois staff has recommended that this charge be reduced to approximately \$150.

68. In addition to this NRC, Ameritech is attempting to impose a host of other NRCs, including line port service order NRCs, line port connection NRCs, trunk port service

order NRCs, and trunk port connection NRCs. All of these charges, of course, are above and beyond the recurring charges Ameritech seeks to impose. If approved, the weight of these NRCs could well sink ULS as a viable means of providing service.

69. When these NRCs would apply is also unclear. When ULS is combined with other Ameritech elements (e.g., a loop), Ameritech is vague about how NRCs would be applied. Ameritech's witness in the Illinois cost docket could not even describe what Ameritech does to entitle it to a "line port connection" NRC. MCI has had similar experiences in meetings with Ameritech during which Ameritech representatives have been unable to tell MCI the price of even the most basic loop and port orders. In addition, for example, when a loop is ordered in combination with switching, Ameritech appears to intend to charge a line connection NRC and a port connection NRC, even if those elements are already connected (as would be the case if the customer was an existing Ameritech customer). Until these matters are resolved, it is impossible to perform any solid financial or business analysis regarding the use of ULS. Without such analysis, MCI cannot easily (if at all) determine commercial viability.

70. The third critical problem with Ameritech's ULS offering is the complete lack of discussion of interconnection arrangements. When MCI entered into the Hancock trial with HRTC I discussed earlier, interconnection arrangements were specified in the agreement. When MCI enters the local market in Michigan with its own switch, how and where MCI interconnects with Ameritech for exchange of traffic is a critical issue. Such fundamental issues as where the points of interconnection between MCI and Ameritech are when MCI is using ULS to provide service are unresolved. Without resolution of the point of interconnection, then the

equally fundamental issue of reciprocal compensation for the transport and termination of local calls cannot be resolved. It is important to note here that, while MCI raised this issue in the current Illinois cost docket, Ameritech provided no proposal. When MCI and Ameritech discussed this issue during BFR discussions, Ameritech stated that it would apply switched access rates to the transport and termination of local traffic. These interconnection issues must be resolved before ULS can be used to provide service. Because Ameritech's position on these issues is not clear, it is equally unclear whether these issues will be resolved in the current Illinois proceeding (or in the current Michigan proceeding).

71. The fourth major issue is the treatment of interexchange carrier traffic and switched access charges. MCI's position is clear: a new entrant using ULS should be able to gather whatever revenue it can from the use of that facility, including switched access revenue from interexchange carriers. Ameritech's proposals with regard to treatment of switched access charges when an MCI customer served via ULS originates or has terminated to him or her a toll call have been changing over the course of the last several months and differ from state to state. In many cases, as described in Dr. August Ankum's affidavit, Ameritech will continue to charge the IXC all or a portion of originating or terminating switched access.

72. Moreover, in meetings with MCI regarding a proposed ULS trial, Ameritech seemed to assert its intention to keep the originating switched access revenue from MCI's unbundled switching customers as well. Ameritech justified this position by claiming that

even though MCI would be providing the unbundled local switching through which the traffic will pass, Ameritech has a binding access agreement with the interexchange carrier.

73. Fifth, Ameritech compounds the problems with its ULS offering by its refusal to offer common transport in conjunction with ULS. As discussed above in the section on unbundled transport, for certain types of calls (e.g., calls destined to other CLECs), traffic volumes just will not justify the establishment of dedicated or even shared transport facilities (the only transport options that Ameritech will provided). Although MCI may choose to use dedicated facilities for certain types of traffic (e.g., calls to MCI's POP), requiring dedicated or shared facilities for all traffic to or from a customer served via ULS is clearly unnecessary and imposes inefficiencies on MCI and other CLECs. It is also an inefficient use of Ameritech's network, which again leads MCI to question Ameritech's motives for refusing common transport.

74. Sixth, Ameritech's ULS offering is deficient as a technical matter. Ameritech's interconnection agreements with MCI provide little detail regarding how ULS will actually work. Ameritech's statements in its affidavits notwithstanding, Ameritech has not resolved processes regarding such things as traffic flows, customized routing, and numbering (including number portability). For example, if Ameritech is to route calls to MCI's local NXXs, then there needs to be a process for MCI to update those NXXs and receive a rapid response. Such a process does not yet exist. Similarly, one of the basic functions of a switch is to provide traffic data to network managers to identify congestion and blockage situations. Ameritech currently has no means to provide this information to MCI. To compound matters, Ameritech has refused MCI's request that it overflow congested and blocked traffic onto common facilities.

Thus, Ameritech has neither provided MCI with the tools to diagnose and predict network blockage and congestion nor offered the most efficient alternative solution. These are not mere implementation details. They are critical to running a network and providing service to customers. Until Ameritech addresses these issues with MCI, its ULS product is both cost-prohibitive and operationally infeasible. Ameritech has never provided ULS before, and many key items have not yet even been discussed, let alone implemented. Unless and until these issues are resolved, ULS will be no more than a paper offering.

75. Also critical is the issue of how interoperability works. When MCI provides its own loop (either self-provisioned or provisioned via a third party), how will that loop be integrated into the line side of Ameritech's ULS? Will Ameritech require collocation? What restrictions will Ameritech apply to the use of non-Ameritech equipment?

76. Finally, Ameritech's OSS for ULS is completely undeveloped. As Samuel King discusses in his affidavit, most of Ameritech's automated interfaces related to unbundled network elements generally have never been put into commercial use. The fact of the matter here is that it is simply too early to tell whether Ameritech's OSS and business practices for handling ULS are operationally ready.

77. Some of these issues may be resolved in the ongoing cost dockets in Michigan and Illinois. However, the fact is that there is not even a state commission order on these issues. Even if a state commission order existed, Ameritech would need to comply with that order. As MCI has seen time and again with Ameritech, compliance with a state commission order is not a foregone conclusion. For example, Ameritech was ordered in June 1996 to file a

tariff for ULS, and the parties are still arguing over whether Ameritech's tariff complies with that order.

911/E911, DIRECTORY ASSISTANCE, OPERATOR SERVICES

(Checklist Item (vii))

78. Ameritech is required by several sections of the Act and the FCC's Orders to offer unbundled access to directory assistance databases. The Commission has noted that any customer of a competing provider "should be able to access any listed number on a nondiscriminatory basis, notwithstanding . . . the identity of the telephone service provider for the customer whose directory listing is requested." Second Report and Order, ¶ 135 (emphasis added). Furthermore, competing providers must have "the same quality of access to [directory assistance and directory listing] services that a LEC itself enjoys." Second Report and Order ¶ 142. As noted above, section 251(c)(3) of the Act also requires ILECs to provide access to databases as unbundled network elements. In addition, as noted below in the section on dialing parity, section 251(b)(3) of the Act makes clear that the duty to provide dialing parity includes "the duty to permit all . . . providers to have nondiscriminatory access to . . . directory assistance." Finally, section 271(c)(2)(B)(vii)(II) of the Act makes nondiscriminatory access to "directory assistance services to allow the other carrier's customers to obtain telephone numbers" a stand-alone requirement of the competitive checklist. For the reasons discussed above in the section on unbundled network elements, Ameritech has not satisfied item (vii) of the checklist.